

COMMITTEE ON FINANCE

May 23, 2001

6:00 PM

In the absence of Mayor Baines, Chairman Cashin called the meeting to order.

Chairman Cashin called for the Pledge of Allegiance, this function being led by Alderman Pariseau.

A moment of silent prayer was observed.

The Clerk called the roll. There were fourteen Aldermen present.

Present: Aldermen Wihby (arrived late), Gatsas, Levasseur, Sysyn, Clancy, Pinard, O'Neil, Lopez, Shea, Vaillancourt (arrived late), Pariseau, Cashin, Thibault, Hirschmann (arrived late)

Messrs.: Steve Tellier, Tom Nichols, Joan Porter, Connie Marion, Diane Prew, Kevin Dillon, Tom Seigle, Kevin Sheppard, Randy Sherman, Howard Tawney

Chairman Cashin stated the Mayor would be here this evening but he's at his son's graduation, which is why I will be chairing the meeting.

Chairman Cashin addressed item 4 of the agenda:

Continuing discussions relative to FY2002 operating budget requests as follows:

Assessors:

- a) Communication from Alderman Sysyn regarding Elderly Tax Exemption.

Mr. Tellier stated let me start off by saying that for our presentation tonight we would like to break it down into three parts. One, is the budget presentation itself; second, to comment on the Supreme Court decision and the resulting action that's being discussed with respect to the Attorney General's Office, the Department of Revenue and proposed legislation; and third, the report on the Elderly Exemptions with the impact to the revaluation in new values. What I've submitted that you all have a copy for is the "Board of Assessors Budget Adjustments for FY2002" and

if you compare that to your sheet on the Assessor's portion of the budget book...the major increase in our budget is attributable to a new position classified as the Appraisal Technician. The Appraisal Technician is going to assist us in acquiring all of the information we're going to need to do several different things. One, is to keep all of our data accurate and current with respect to the most recent revaluation and will assist us in all the new requirements and duties and responsibilities that's going to come about as part of the Sorel Case and I'll expand on that in the second portion of my presentation. But, in line item 0110 in Regular Salary...our department request was \$398,090...the Mayor's recommended amount was \$431,702. In speaking with HR on the exact amount of the salary grade that was going to be attributed to that position and an A-step that also was not funded. The resulting adjustment would require \$3,382 in that line item to be added to that line item. Under the other portions...under Mileage Reimbursement the technical position would also be out in the field just about all of the time, so mileage would have to be paid as well as that and would require an additional \$1,600. In line item 0592 Duplicating Services...we'd need an additional \$200 to cover the current lease agreement only. Line 0610 General Supplies...we'd like to go back to fiscal year '02, we really need an additional \$712 and that will just cover printing costs, toner...there's a tremendous request for all of this stuff in our office. Line 0630 Books...we would need another \$45...this is just to cover the Polk Directory that we have every year and we keep a library that goes back about 75 years and it's been a tremendous resource for us. Line 0420 Funding for Real Data Corp...what that is, is an electronic filing process that's linked with the Department of Revenue Administration and it's a direct result of the equalization survey that's also critically linked with the \$42 million that we get with the Education Grant. What we recommend is that the expense account concerns can be adjusted within our Incidental account. The Salary increase we would ask that that adjustment be made also. As an off side, if you look on the revenue sheets...we're on track with our revenues...actually, we're over on Research Fees and Photocopies...it's not listed in there. We are actually \$3,000 ahead on our projections which is probably an indication because of the robust economy, refinancing, interest because of the revaluation, development and so forth. We don't anticipate that that is a standard thing that we are going to receive every year, but we did want to mention that at the end of this year we are over in our projections on that amount. And, with the first portion on our budget projection I'd like to answer any questions.

Alderman Thibault stated in view of the fact that the court has said that we should reevaluate every five years, is that the reason for this new position that we're going to need in this department.

Mr. Tellier replied that is a significant contributor to it and it's not that we should, we "shall"; that is an interpretation of the Supreme Court decision and I'll expand on that in the second portion of my presentation.

Alderman Thibault asked what is the cost of that new position, Steve.

Mr. Tellier replied it starts at \$32,000. We anticipate that this position would be a mid-level appraisal position that would qualify sales, review problems, analyze neighborhoods, create reports that will assist us in meeting the demands and the obligations that are being posed as part of this decision that is coming forward.

Alderman Lopez in reference to the new position asked have you looked at restructuring the office instead of bringing in somebody new...I say this because I am very concerned...we had three City officers down there as Assessors and in my opinion they should be out in the field doing the assessment work instead of bringing a new person on...have you looked at the qualifications of the people there to give them more responsibility since the Decker Program and have you ever looked at that whole program.

Mr. Tellier replied the answer is yes, Alderman, we are out in the field as well. However, you don't want to pay a senior position to be measuring decks or to review miniscule problems, the mid-level problems or to do the data entry or any of that. The City Officers, the Board of Assessors are responsible for all of the valuation, appeals, qualifying the exemptions and they'll have additional duties coming down the pike as a result of yearly and annual certification of values, qualification of sales internally, working with the Department of Revenue Administration, the Property Appraisal Division...most of the stuff that I am going to talk about in the second part of my presentation isn't law, has not yet been passed. But, there are several facts that are undeniable. One is that the Supreme Court has admonished the State for not enforcing the 5-year valuation part of the Constitution and there are an awful lot of bits that are going to be fallout as part of that.

Alderman Lopez stated I'm not going to get into all of the aspects of what's coming down from the State because we've already been through that and until it actually comes down I don't think you'll know exactly what you need...I'm speaking to this new position...I presume there's qualified people in your office to step up and do some of the things you say. I still think that the qualifications of the City Assessors is their responsibility to go out and do some of those things you so mentioned, not to just sit in the office or worry about the big management aspect of it, do you agree or not.

Mr. Tellier replied I don't quite totally agree, no, I don't. Because what's happening here, Alderman, is that there are additional tasks and requirements that are required and over that that "shall" be required as part of what's occurring in the State today and what we're looking at. Our complement hasn't changed since 1906. I dare say that there isn't a body here at this Board that won't recognize and realize that the amount of parcels has dramatically increased, the scope and complexity of the work has dramatically increased and the fact is that our complement has not changed since 1906.

Alderman Lopez stated the pay structure has changed...the hours are from 35 hours to 40 hours have changed and more production has to be produced. Item 905...can you tell me what that is. I'm looking at the actual expenses here...I don't see any actual expenses...for FY you had \$9,888...is that a mistake, did you spend any money out of there.

Mr. Tellier replied there are some monies put aside for Professional Services...that is what that account is for, however, to date for 2001 the revaluation firm is going to take over the representation in the courts or at the Board of Tax and Land Appeals for representing and defending values.

Alderman Lopez stated no money has been spent out of what you've been allocated for FY01.

Mr. Tellier replied that is not accurate...\$3,500 came out of that account to cover last year's Real Data fee and that's a direct need that's linked with the \$42 million that the City receives in the Education Grant which is part and parcel of the equalization survey.

Alderman Lopez asked what is the actual fund suppose to do.

Mr. Tellier replied the actual fund is dedicated for professional services.

Alderman Lopez stated you consider that professional services.

Mr. Tellier replied absolutely.

Alderman Lopez in reference to Staff Development asked is there anything in your office for staff development.

Mr. Tellier replied yes, if you look in your budget under Travel, Conferences line item 580 there's \$2,500 that's allocated for that item.

Alderman Lopez stated not that, I'm talking about staff development of getting a certificate or getting a qualification, not travel...do you have any money in your budget that you have spent in reference to that.

Mr. Tellier stated in FY01 yes.

Alderman Lopez asked where does it come out of.

Mr. Tellier replied that came out of line item 580 Travel, Conferences, Meetings.

Alderman Levasseur stated if two of you go down tomorrow who do you have in your office that can step up and go out and do the measurements of decks and such.

Mr. Tellier replied we're doing that now, Alderman. The three Assessors...besides placing values...we're out in the field.

Alderman Levasseur stated if two of you go down tomorrow and can't come to work for a month each is there anyone in your office that can come in and do that, anybody can step up and do the job.

Mr. Tellier replied we haven't trained anybody to do that job at present.

Alderman Levasseur asked is there anybody trained to do that job in our office at present.

Mr. Tellier replied the Assistant to the Board of Assessors could conceivably assist us in that task.

Alderman Levasseur stated so you have somebody who could...the reason why I ask it is because it seems to me that you would want to have somebody trained...are you planning for somewhere down the road training some of your staff to take over in case somebody should retire, I know Mr. Porter is close to retirement and I know that someday you must be planning on somebody coming in or is it possible to go out and get a person to come in and fill in.

Mr. Tellier replied the classification would require a Certified NH Assessor and someone who holds the designation Certified Appraiser with the Department of Revenue Administration, as well.

Alderman Levasseur asked so you do not have anybody on your staff that is certified.

Mr. Tellier replied we have members of our staff who could assist, however, the amount of duties...take for example the transfers, the last two consecutive years we have been topping over 33 almost 3,400 transfers a year. The previous two years before that we were averaging 2,500 a year. We are also involved...we did two software conversions HTE and our evaluation system as well. We are also involved with administering the quality control and the oversight of a revaluation. Our staff is also involved at present in conjunction with Info. Systems in developing what is called an interface, a link between our evaluation software and HTE so they are electronically linked. Right now that does not exist.

Alderman Levasseur asked so you have already accomplished the HTE part of your job...the one you talked about prior to this one.

Mr. Tellier replied we have done the software conversions. Both conversions are done and we are administering to the revaluation at present.

Alderman Levasseur asked now you are saying that the State is going to be mandatory in making us do this reval. every five years instead of every ten years. This Board wanted to do it every three years. But last year we were talking about it and we wanted to do it every three years. So we do not care what the State says. But if the State said to you today that this is going to happen or is that decision still a little ways off.

Mr. Tellier replied the Court has determined that the State has not enforced their five-year rule and has dictated to the State that they shall enforce that five-year rule.

Alderman Levasseur stated but if you have already done a revaluation, which you have just done, then you are not going to have to do another revaluation for another five years.

Mr. Tellier replied that is correct, Alderman. But at present the revaluation firm that is conducting the reval. has fourteen people dedicated solely to that task. They have been here almost two years...it will be a two-year job. With 32,000 parcels and the complexity of a city like Manchester it is not...

Alderman Levasseur asked but you are asking for another position because the State is going to mandate that we are going to have to do a reval. every five years and we have just done our reval. Maybe other cities and towns in this State are not on the same year as we are. Somebody might be doing theirs in two years from now or a year from now but we have already done ours. If the State came down here and mandated that we had to start doing that right now that would have to happen in five more years, am I correct.

Mr. Tellier replied please understand that the position that we are requesting is not the sole do all and answer all to get us to get into a cycle of revaluation. That is a position that is going to assist us to do a lot of the field review to free up myself or one of the other assessors at different times to do other tasks such as the qualifications of sales which is directly linked to the equalization survey which determines what the City of Manchester gets. The equalization survey determines...it is a large critical part, which determines what each community gets and the level of assessment.

Alderman Levasseur asked but this person you are asking for would have to be a certified person such as yourselves or is this at a lower fashion.

Mr. Tellier replied a much lower requirements than the present requirements.

Alderman Levasseur asked what level a 15.

Mr. Tellier replied from my understanding with speaking HR today they are looking at a grade 17.

Alderman Levasseur asked and the persons that you have right now in your office that are trained are what...are they 17's also.

Mr. Tellier replied we have an Engineering Tech. who is a grade 18 all the Engineering Tech. II's across the City are grade 18. We have our Assistant to the Board of Assessors, which is a grade 17, and then we have two grade 13 Customer Service Rep. III.

Alderman Levasseur asked but if the State mandates and I know Mr. Gatsas is going to come in on this...that we do have to start doing these revals. on a every five-year basis we will not have to do one until five years from now.

Mr. Tellier replied in the affirmative and stated however, the fact still remains that the data that is required for that process needs to be kept current. In other words, out of the 3,400 sales that we have probably a quarter of them would be fiduciary sales, transfers, transfers to LLC's, corrective deeds and that type of thing. But they still have to be qualified or disqualified as an arms link sale. That does not include the fact that we are reviewing in excess of 2,000 permits a year nor all the other work that still needs to be done. We have digital database that was purchased as part of the revaluation that Fire and Police have intimated that they have an interest in acquiring access to. There is quite a list of other tasks and resources that they are going to be used for.

Alderman Shea asked just calculating this you will probably come in in the black by about \$40,000/\$45,000 is that a fair estimate.

Mr. Tellier asked pardon me, Alderman, I am not sure I understand the question.

Alderman Shea asked when you finally close the books out in your department you will probably have a surplus or finish in the black about \$50,000 or so, am I correct in my assessment.

Mr. Tellier asked for FY01.

Alderman Shea replied in the affirmative.

Mr. Tellier replied I do not believe so. I have not calculated that. I am not sure what we are going to finish off with. The difference between what the Board of Assessors requested and the actual expenditures in 00...the reason for the salary differential is our Engineering Tech. II retired that year at a higher salary and the person that came on board at a lower salary.

Alderman Shea asked your total expenses now for nine months are say \$360,000 you were given \$509,000 so an easy calculation...

Mr. Tellier replied there will be some balance but I have not calculated that though. I do not have that figure.

Alderman Shea asked but you will finish in the black.

Mr. Tellier replied in the affirmative.

Alderman Clancy asked this new position that you are going to request you should get someone from in-house as you have right now move them up and hire somebody brand new.

Mr. Tellier replied the new position we are asking for, Alderman, will require someone who has a substantial amount of experience in mass appraisal. Somebody who can go out and understands the mass appraisal functions which is valuing a universe of properties and somebody who will understand also the techniques of construction, somebody who understands...

Alderman Clancy asked are you trying to say a realtor could do this job.

Mr. Tellier replied a realtor who has some measure of understanding in mass appraisal may have the qualifications. We are looking for somebody who also has

CAMA experience some experience with computer assisted mass appraisal software. They are somewhat generic if someone has some experience in one type of CAMA software it is quite likely that they could develop a quick working knowledge of another one. Most of them are table driven they have different features but someone who has experience in that they could shift pretty quickly.

Alderman Clancy asked so the three assessors work forty hours a week.

Mr. Tellier replied or more.

Alderman Clancy asked how much out in the field...how many hours out in the street.

Mr. Tellier replied actually right now I spend quite a bit out in the field. I was spending more before this revaluation. But during the revaluation, several tasks have come upon us one is the review of all the work that the revaluation team is doing...watching their tables, doing quality control, but also what has taken a substantial amount of our office's time is developing the interface so that our valuation software can talk with HTE. I could go on for a long time to tell you about the nightmares that we are having with HTE but we have given them a due date of June 11th to develop the interface. We are working in conjunction with staff from Info. Systems and it is not an easy thing. HTE is not the easiest software company to deal with.

Alderman Clancy asked have all of your people been trained by either people from Info. Systems.

Mr. Tellier replied in the negative and stated actually for the most part Assessor Tom Nichols and the Assistant to the Board, LeeAnn Provencher is doing the majority of the work in working with Info. Systems to develop that interface.

Alderman Clancy asked there are fourteen in your department, right...how many people in your department.

Mr. Tellier replied in the negative and stated there are seven.

Alderman Clancy asked out of the seven only two are familiar with the HTE system.

Mr. Tellier replied in the negative and stated we all operate within the parameters of HTE but these are two that are dedicating a substantial amount of their time in developing this link so that our software will electronically link to HTE as well because it has to.

Alderman Gatsas asked how many people in the Assessors Department down in Nashua do you know.

Mr. Tellier replied eleven.

Alderman Gatsas asked less properties.

Mr. Tellier replied a little less...28,000 we have 32,000.

Alderman Gatsas asked can you talk...in House Bill 193 there is mention of cooperatives...do we have an opportunity to pay revenue source if we participate with some of the towns that do not have assessors on hand.

Mr. Tellier replied that thought came across to a lot of assessors when they saw that but there was literally a dollar that was attributed in the early part of Senate Bill 193 the dollar amount has been retracted. At this time, my understanding in dealing with the Department of Revenue Commissioner Stan Arnold, my understanding is that Senate Bill 193 provides the opportunity to develop cooperative districts. The idea behind that was to provide for two or more towns to pool their resources to hire someone professional to do the assessing and appraisal work and to pay that person a reasonable salary and provide for benefits and make it more attractive to hire a professional in the assessing functions. But there is no dollar value that is attached to that at present.

Alderman Gatsas asked but that does not necessarily mean that because there is no dollar value. What the dollar value means is that the State is not going to pay for it. The dollar value that I am talking about that obviously let us take a town like Pinardville or Goffstown I do not know if they are one in the same...

Mr. Tellier replied Pinardville is one in the same and they do have a professional assessing staff.

Alderman Gatsas asked how about a town like Candia.

Mr. Tellier replied they sub-contract their services.

Alderman Gatsas asked but it would be an opportunity...

Mr. Tellier stated there may be an opportunity...that idea was posed to the commissioner by Maura Carroll of New Hampshire Municipal Association whether that was an opportunity and from what I understand it was not designed for the larger communities but for the smaller communities to pool their resources.

It will have to depend on what the legislature finally adopts for rules. Could that be a possibility...it may be. At present, my understanding is that is not its intent.

Alderman Gatsas asked the Nashua assessors...how many full-time assessors are there comparable to yourself and your two counterparts.

Mr. Tellier replied they have two residential assessors, they have a data collector, they have two commercial assessors and the chief assessor. So there are five assessors and a field person as well. Six, really...there are five appraisers which includes the chief assessor's position who is also an appraiser and then there is a field personnel also. So there is actually six.

Alderman Gatsas stated so there is six people in the position that you carry three and they have less properties than we do here in Manchester.

Mr. Tellier replied that is correct.

Alderman Gatsas asked a larger tax base.

Mr. Tellier replied it is equitable. The reason I say that is because Nashua's proximity to Massachusetts affords them as a Board or community affords them some substantially higher values because of the lack of sales tax and income taxes here in the State.

Alderman Gatsas asked why do you think that your revenue is not going to follow the same stream that you are at this year.

Mr. Tellier asked which revenue is that, Alderman.

Alderman Gatsas replied your total revenue...I took the 440 that you are at divided it by nine multiplied it times twelve and came out with somewhere in the vicinity of \$586,000. Go to the last page...if you take a look revenues recognized March 31st 01...you go down to the bottom it is \$440,000 through March 31st. If I divide that by nine and multiply it times twelve...

Mr. Tellier replied the primary reason for that, Alderman, is that the municipal portion of the tax rate has decreased. The payment in lieu of taxes is either by State Statute 10% of the gross receipts of non-profit housing that qualify for this or the municipal portion of the rate. The municipal portion of the City's tax rate has decreased over the last couple of years.

Alderman Gatsas asked this year your revenue is \$440,000 for the first nine months. You have a revised budgeted amount of \$476,000. If I annualize your \$440,000 it comes out to \$586,000 which is \$110,000 more than what you have in your revised budget. Your estimated recommended budget request next year for revenues is \$477,000 along with the Mayor's. I am saying that you are at \$586,000 now why would you see less revenue next year than you would this year.

Mr. Tellier replied I do not have the answer for that and I will get back to you directly on that.

Alderman Gatsas asked is there a reason that you would see less.

Mr. Sherman replied the confusion here, Alderman, is that you have revenue sources 40128 40130 and 40131 those three are all payments in lieu of taxes and we only get those once a year. You cannot take those three revenue sources and annualize them. They are only collected that one time. That is why if you go out to the Mayor's recommended the numbers he has for 2002 are very close to those that we actually received in 2001.

Alderman Cashin asked you mentioned the rate in lieu of taxes has gone down.

Mr. Tellier replied the municipal portion...the tax rate is made up of four components...the city portion, the municipal portion, the local school, the State school and the county and that has decreased as a result of splitting the school and some of the assets. I really cannot get into it at this time. I do not have all the answers but the municipal portion of the city's rate has gone down over the last couple of years by over \$1.00. I could get those rates to you, Alderman, to show you.

Alderman Lopez asked I am still a little confused on this incidental account and maybe Randy, you could help me...I noticed in all the other departments there is no incidental...there is staff development...what is this account set up for and what is it supposed to be used for.

Mr. Sherman replied there was a period when the incidental account was actually budgeted as a non-departmental account. Sort of like you see today maybe with employee medical services. There was a pool of money there and almost anybody could dip into it. But the way that the Ordinances and Charter were at that point it had to be at the approval of either the City Solicitor's Office or the Finance Officer. So what they did at one point is they said seeing as how it is the Finance Officer and the Solicitor that mainly use that account...it was probably a good six or seven years ago that they finally decided to take those dollars out of the non-departmental and put them in the departments where they belong. Over the last

several years, I think you are seeing people like HR now have hire outside consultants to do actuarials and those types of things. Certainly with all the assessing and the abatement issues assessors have needed to hire some experts. So over the years, a couple of other departments have started to get that incidental account. It is really more of a management services for consultants.

Alderman Lopez asked they could use it for anything or it has to be for professional services.

Mr. Sherman replied in the negative and stated it should be for professional services...an outside consultant.

Alderman Pariseau asked my annual question do we have in the amount of assessed value for non-profit properties.

Mr. Tellier replied I developed a report sometime ago that I submitted to the entire Board. I did not bring that with me but I could get that number to you right away. We have that readily at hand. I do not have it in front of me but I do...

Alderman Pariseau stated I think the last one we got was about two or three years old.

Mr. Tellier replied in the negative and stated it was just last year. It included a full report of each property and their assessments. But I could quickly get that back to you.

Alderman Levasseur stated I believe the number, Alderman Pariseau, was \$263,000,000. I thought it was a lot less but that is about the accurate number.

Mr. Tellier stated I do not have the actual figure but I could get back to you with that.

Alderman Levasseur asked your question, Mr. Chairman, was a good question because I did not know that was how it was but based on the in lieu of taxes...in other words they are charged by that municipal rate.

Mr. Tellier replied or 10% of their gross receipts. That is how they figure that number. That is actually in the Statutes.

Alderman Levasseur asked how do they get to be in lieu of taxes is that because they decide to do that or is that statutory.

Mr. Tellier replied it is statutory it is non-profit housing. There a certain class of property that qualifies for that status of “in lieu of”. There are two...there is the “in lieu of payment” for non-profit housing there is also the voluntary payment which I believe Alderman Pariseau brought up a couple of years ago asking whether this body could go out to exempt properties and ask them for a payment in lieu of taxes and they could do that. How many of them would voluntarily pay in lieu of taxes is another matter entirely.

Alderman Levasseur asked do they at least pay for their water and sewerage.

Mr. Tellier replied in the affirmative.

Alderman Levasseur asked but they do not pay for any of the Fire or Police protection...that is the municipal part that we talk about with these three.

Mr. Tellier replied in the affirmative.

Alderman Levasseur stated but all the other non-profits do not pay that municipal charge.

Mr. Tellier replied in the affirmative and stated they do not pay any by statute. Those that are exempt they are not for profit they have to fulfill criteria stipulated by statute with their mission statement, financial statements, and disclose all of that.

Alderman Thibault asked is it school portion that they do not pay also.

Mr. Tellier replied they just pay the municipal they do not pay the county, local school or the State school.

Alderman Gatsas asked Manchester Housing Authority...do you know within 20% what they may be paying us in lieu of.

Mr. Tellier replied it is right on the revenue...

Alderman Gatsas asked what is that based on.

Mr. Tellier replied they pay that directly to Finance that is based on 10% of their gross receipts.

Alderman Gatsas asked so they can pay of whichever is less or whichever is more.

Mr. Tellier replied it is whichever is less.

Alderman Gatsas asked but that is by their choice.

Mr. Tellier replied it just states by statute whichever is less. You have to consider both.

Alderman Gatsas asked but if they wanted to send 350 they could do that.

Mr. Tellier replied they could always send more, absolutely.

Alderman Gatsas asked what would the actual tax be if they were a paying tax entity.

Mr. Tellier replied I would have to get back to you to consolidate all of their assessments and apply the rate. Is that something you would like us to get back to you with.

Alderman Gatsas stated I think we would like to see that.

Mr. Tellier asked did you want the municipal portion or applying the entire rate, Alderman.

Alderman Gatsas replied give it to us both ways.

Alderman Pariseau asked I just want to go back...you said that the non-profits pay for water and sewerage utilities...not all of them do they.

Mr. Tellier replied I believe they do. That would be a question you would have to ask water and EPD.

Alderman Pariseau asked Mr. Segal, do the non-profits pay for sewerage.

(Mr. Segal's response was inaudible)

Alderman Shea asked when we set the tax rate the assessed valuation are you going to use the 3.8 or are you going to use 5.2.

Mr. Tellier replied we will be utilizing the new value that will be established as a result of the revaluation. We have estimated that for budget purposes of 5.2 however that is not fixed in stone. We are in the valuation phase now.

Alderman Shea asked could it go up.

Mr. Tellier replied it could go up.

Alderman Shea asked do you think it will.

Mr. Tellier replied it is too early to tell.

Alderman Cashin asked you said there was another part. Are you prepared to discuss Alderman Sysyn's...

Mr. Tellier replied in the affirmative and stated we do have that portion. I would just like to comment briefly about the Supreme Court decision. The four main points on Senate Bill 193 it establishes an assessing standards board administratively attached to the Department of Revenue Administration. That is going to be for the purpose of determining statewide assessing standards. It also establishes an equalization standards board similarly attached to the DRA. It establishes the ability to create cooperative assessing districts for the purpose of consolidating financial resources from two or more towns to hire professional support. And four, it establishes a joint committee from the Senate and House to study the rule of selectmen and the assessing function and the feasibility of establishing a professional assessors licensing board. Additional proposed responsibility and I would like to hedge this by saying these are proposed. They are looking at the five flaws that the Supreme Court identified in their decision in the appeal. So these are being analyzed and proposed. They will be submitted to the House and Senate sub-committees and then finally for the House and Senate for adoption or amendment. But at least as often as every fifth year beginning with the first year the commissioner of the Department of Revenue certifies assessments pursuant to Revised Statute the assessors or selectmen shall revalue all real estate within the municipality so that the assessments are valued in accordance with RSA 75(1). It will require annual certification of assessments requiring levels of assessment, uniformity analysis, assessment compliance reviews, assessment practice conformity reviews, exemption credit and abatement procedures, compliance with all applicable statutes, data that is used in the appraisal process is going to have to be determined to be free from material error and the assessments of various types of property which are assessed at the same level must be determined to be assessed at the same level as other types. There will be corrective actions that the commissioner of the Department of Revenue determines a municipality in the event that they are not complying with that. There are enforcement provisions that are going to be provided to the Department of Revenue to force towns to pay for the revaluations that the townspeople continue to vote down. New standards pertaining to acceptable levels of assessment...what that means is that you cannot be at 60% of value or 40% of value or 130% of value any longer. The issue here is proportionality. Some of the discussion points I brought up before; staff complement of the Board of Assessors

has not changed since 1906, that parcel count scope and complexity of assessing property in Manchester have increased dramatically. As a direct result of Claremont 1, 2 and 3 the statewide education tax has been and will likely continue to be a large source of revenue for that need. State education grant for Manchester at present exceeds \$42,000,000 and is significantly related to the assessment process. The most recent New Hampshire Supreme Court decision on the matter has determined that a constitutional provision mandates a five-year cycle of new values per taxation. And additional workloads shall result from new mandates and reporting, qualification criteria and other duties regarding the State equalization survey and new requirements and certification of assessments. Some closing facts: the issues discussed only now are being identified by the DRA and New Hampshire Attorney General's Office. They have not been presented to the legislature so is not yet law. Though much will be required to correct what was identified as "five flaws" per the Supreme Court decision. The recent Supreme Court decision determined the five-year rule for values. It also articulated a need for proportionality and statewide standards. However, Manchester and the other twelve cities are in a much better position at present than most other communities in the State. The sky is not falling, however, more resources shall be needed to conform to new regulations and they are only starting to be developed.

Alderman Clancy asked as it stands right now how much is owed to the City in taxes. How much money is owed to the City from people out there that have not paid their taxes yet.

Mr. Tellier replied I do not know, Alderman, you would have to ask the Tax Collector for that and I think she is up next.

Alderman Lopez asked a lot of these questions were put back when on the City assessors and maybe Alderman Gatsas could enlighten us because I do not think anything is passed in the Senate to this effect. Are we creating something...maybe I offer that ten months ago I submitted a bunch of questions that in the same aspect as to what the assessor is talking about maybe those questions should be answered as a whole packet instead of just hiring somebody because you might need a lot more employees than you really think you need right now.

Mr. Tellier replied Alderman, as a response to that I believe you are right. Down the road there will have to be a multiple amount of plans submitted to this body to determine whether we want to go in-house with a cycle of revaluation or do we hire out every three or four years. There will be a number of issues that will have to come up with this board. It will be the Board of Assessors responsibility to develop several plans to present for this board. However, at this point it is premature to really attempt to quantify how much that resource is going to require or anything because as you were quick to note it is not yet law there are several

facts according to the Supreme Court decision but the Department of Revenue Administration the Governor's Task Force and the Attorney General's Office are struggling with all of those issues as we speak.

Alderman Lopez stated I just think that instead of doing the job by hiring somebody when you should look at the restructure in your own department and come back with a full package to the Board I think is more reasonable after it is passed by the Senate and becomes law.

Mr. Tellier stated again we work very hard with the Mayor's Office to demonstrate a need for that position and I would really encourage this Board to support that. We have an awful lot of work ahead of us. We want to preserve the accuracy the integrity of the data and to continue to compile the data that is necessary to get the City of Manchester in a continued good position. We are the largest city in the State. One of only a dozen of this size in the entire New England area and we would like to stay at the top of that curve.

Alderman Thibault asked at what percentage of value are we assessing now with this new assessment.

Mr. Tellier replied the year 2000 the most recent equalization survey that we have is year 2000 data we are at 78% of value.

Alderman Thibault asked what was it last year or the years before.

Mr. Tellier replied 90%.

Alderman Thibault asked now you are dropping down to 78%.

Mr. Tellier replied we continue dropping and the reason for that is as sale prices exceed assessments the ratio is under 100%. That is the reason for that.

Alderman Thibault asked so you are going to be at 78% now...

Mr. Tellier stated 2000 has not even been established yet, Alderman.

Alderman Gatsas asked I have some confusion by trying to restructure within your department when you have three assessors and that leaves you with four employees. I do not know how you restructure those people to move them around to find another position.

Mr. Tellier stated what this position would do is a lot of the field work which would free up at least one of the assessors to concentrate a lot more on the issues

that are going to come about as a result of this Supreme Court decision and to prepare a plan in response of what we are anticipating. The fact is that in excess of 3,000 sales are done yearly. If you were to analyze and do the math 3,400 divided by 250 work days that is a lot of sales that need to be qualified...field reviewed out in the field, questions asked, people called.

Alderman Gatsas asked what did it cost us this year for reval.

Mr. Tellier replied the revaluation cost that we contracted for was a million three seven-fifty.

Alderman Gatsas asked what was the cost of it ten years ago.

Mr. Tellier replied I think it was close to that cost...I do not have that figure.

Alderman Gatsas asked does that number...do you think in your professional opinion that if we based revaluation on a five-year stamp would that reval. price come down.

Mr. Tellier replied in the affirmative and stated I believe so. My understanding in attending most of the meetings that have occurred with the Governor's work group in conjunction with the DRA, a revaluation is not set in stone...there are three different facets to it. The simple answer is yes I believe we could reduce those costs.

Alderman Gatsas asked by how much.

Mr. Tellier replied I do not have that answer. Until a good plan could be developed to present to this Board I could not answer that. The third part would be the exemption report and I would like to turn it over to my colleague Tom Nichols.

Mr. Nichols stated what we handed out tonight was the elderly exemption proposal. The amounts that you see...

Alderman Cashin asked is that the one that was presented by Alderman Sysyn.

Mr. Nichols replied in the affirmative and stated what you see before you is the blind exemption, the elderly exemption between ages 65 and 74, 75-79 and over 80. Those amounts that we came up with that if you want the elderly exemption keep the same dollar amount and preserve that those would be the new exemption amounts that would have to be put in place. We also increased the income from \$18,400 to \$24,400 for a single person and from \$24,000 to \$32,000 for a married

couple. We did not touch the asset limit. We believe that should be up to the Board of Mayor and Aldermen to decide.

Alderman Vaillancourt asked so this proposal has nothing to do with Alderman Sysyn's proposal. This is just to keep pace with the current rates is what you are saying.

Mr. Tellier replied Alderman Sysyn was approached I believe by a taxpayer and stated that the City of Nashua's exemptions was more generous and would like the City of Manchester to be more generous as well. What is submitted before you is to not only preserve the status quo but also was to take into consideration yearly COLA's and cost increase and Social Security. Inquiries were made at the State Office on Social Security on the average increases over that time period. That helped us to develop the \$24,400 and the \$32,000.

Alderman Vaillancourt stated I am talking about the 30, 60 and 120.

Mr. Tellier replied the 30, 60 and 120 at the high range at the 120 we are anticipating most probably median value for single family home to be in the 140's so in this case somebody who is 80 or over with an exemption of \$120,000 would bring their cost their out-of-pocket expenses to about 25% of what they would be paying full taxes on.

Alderman Vaillancourt asked but my question is this proposal that you put forth has nothing to do with Alderman Sysyn's proposal is that correct or not.

Mr. Nichols replied I thought it was because...

Alderman Vaillancourt asked her numbers seem to me to be \$70,000, \$95,000 or \$120,000 and I do not see any numbers like that on your proposal.

Mr. Nichols replied that is Nashua. What we proposed was in order to keep the same amount that the elderly are receiving right now as far as dollars we went from \$22,500 to \$30,000 and from \$45,000 in the assessment to \$60,000 and from \$90,000 to \$120,000. That increase in...it is just like Nashua in order to preserve that amount that they are getting right now with a new revaluation coming into place they would not loose a penny.

Mr. Tellier stated what Alderman Sysyn submitted to this Board is what the City of Nashua offers. It is clearly within the authority and responsibility of the Board of Mayor and Aldermen that should we have what is called the optional elderly exemption. Should this Board decide to increase the 30 to 70 the 60 to 95 and preserve the 120 you have every ability to do so. What we felt was our

responsibility was to accurately report what we felt would have to be changed for the status quo and to treat the elderly accurately with respect to what we have now. If it is the onus of this Board to be more generous they have every opportunity to do so.

Alderman Cashin asked what you have done is you have adjusted your figures to put you in more parody with Nashua is that what you have done here.

Mr. Tellier replied not quite. Nashua what they do is they front load their lower tiered exemption at 70,000 provides an immediate higher benefit.

Alderman Cashin asked but you brought yours up to 120 at 80 right.

Mr. Tellier replied at the highest, yes, that is accurate.

Alderman Cashin asked so you have made some adjustments here.

Mr. Tellier replied in the affirmative.

Alderman Cashin stated I am not sure that is exactly what they wanted.

Alderman Gatsas asked let me try and make this a little clearer for you because for some reason I do not think you are understanding where Alderman Vaillancourt is or Alderman Sysyn so here comes the arrow are you ready...let us make it so that the seniors in this town at least have the availability because I do not think that anybody that has an assessed limit of \$35,000 can possibly own a home at \$120,000. Because the contents of their property has to be \$15,000 or \$20,000 that leaves them with an automobile maybe. Any kind of cash in the bank is going to just flip them out of there. I think that what we need to charge you with is to come back and tell this Board what the numbers or what the cost is going to be as an entirety to the City if we put some exemptions in that make sense and are attainable by people living in Manchester, New Hampshire. So I know that is what I charged you with and I assumed you were going to come back with that. So let us try to do this again and maybe this Board can...the exemption is what I believe I am looking for and maybe what this Board is looking for is that we have some number that you come back and say the town of Nashua is here and they have 4,500 people that participate in this program and if we have the same amount of people 4,500 or whatever it is based on the number of properties this is what it is going to cost based on that number with our assumption. Let us take the assumptions up so that there is a reason to give somebody an exemption of \$30,000 when Nashua is at \$70,000 I think we should at least be on parody with a city that is smaller than we are. So let us move the numbers up so that it makes some sense and let us jump even a little farther and I do not know if this Board

wants to do that on income of a single family home for an individual move it up from \$24,000 to some number that is a little higher and let us at least say to the seniors we are making an attempt to do something that makes sense. So let us move the asset limit to maybe \$120,000 or \$150,000. Let us see what it does that is not your decision that is this Board's decision to see what that number looks like.

Alderman Levasseur stated I would just like to see that you could us the numbers for just what Nashua is just start with that one.

Mr. Tellier stated what I will return is the same with similar exemptions and what that anticipated amount is.

Alderman Levasseur stated same thing as Nashua first...just Nashua's numbers and then you could go from there. That is what I want to see. I want to see what Nashua's...what it is going to cost us to compare us to Nashua and then if you want to add two more lines down there by going further with Alderman Gatsas' that is fine but I would like to see at least that basic row done first.

Alderman Sysyn stated it is just more realistic too. That is what I was looking for. What would it do if you came into Nashua. That asset limit is low for the one that we have.

Alderman Lopez asked the single person was at \$18,400 and a married person is at \$26,000 how did you come up with the figures here so I know what your train of thought was.

Mr. Tellier replied inquiries were made at the State to find out what the median income change was over the last period of time between the last reval. and now with respect to COLA's and adjustments to income on Social Security.

Alderman Lopez stated and again looking at when that was done when was the \$18,400 done a few years ago.

Mr. Tellier replied that was as a result...what occurred there was a legislative change previous to that change someone who received a civil servant pension that pension had to be regarded as income. Social Security was excluded as income.

Alderman Lopez stated based on these figures here in a period of time inflation the \$18,000 for an example probably in today's market is worth...

Mr. Tellier stated that is what we did...we compounded it and we brought it up to \$24,400 single and \$32,000 which is similar to what Nashua has done.

Alderman Cashin asked Steve, you know what we are looking for right.

Mr. Tellier replied I do now.

Alderman Pariseau asked at the committee meeting we had my concern was with the asset limit. We have people out there that may have more than \$35,000 in the bank and 82 years of age and still has to pay the full amount on the value of his house. What can there be to give these elderly who took care of themselves during their working years to get an abatement.

Mr. Tellier stated I think I heard loud and clear that it is the goal of this Board to increase that amount that they should not be penalized for their years of savings so what we are going to come back with is some additional data commensurate with Nashua whose asset limit is at \$75,000 so we are going to get a detailed breakdown of what their age limits are, what it impacts their budget and what those total assessment impacts will be.

Alderman Vaillancourt stated I just wanted to say thank you, Mr. Chairman, that my direction was actually the opposite direction because I realized that for every dollar you exempt somebody that somebody else has to pay for it. So I was thinking of going along the lines of Concord rather than Nashua. Why should we go to the most extravagant system out there? I think maybe we could raise these a little and I think the asset limit could perhaps be raised a little. But sometimes and I do not want to anger any of the elderly they have greater ability to pay than some of the younger people. So I am all for giving people a break that need it but I think the break should be reasonable so that everybody else does not have to bear the onus of responsibility. So I would like to look at...why is there such a diversion between Nashua and Concord for example.

Mr. Tellier replied again that is on the onus of the governing boards.

Alderman Clancy asked there is only one thing I would do is to make sure that anybody gets an exemption have been living in the City for at least two years.

Mr. Nichols stated they have to by law. Five years in the State.

Mr. Tellier stated we do not have the ability to discriminate as far as their residency in the City as long as they are here by April 1st they would qualify for the following exemption cycle. In other words, if they qualified under one community and they moved to Manchester and they reapply in Manchester before April 15th they would qualify for the following tax cycle.

Alderman Gatsas stated let me tell you what I am looking for seeing that...because I know that somebody that is 80 and been paying taxes they have been paying them for a lot longer than somebody at 40 so maybe they deserve a little break at 80 so let us take a look at least to see what the number is. If we could use the parameters of 70, 95 and 120 income single \$35,000 income family \$50,000 asset limit \$150,000 or the income limit that they get at least a 25% discount.

Mr. Tellier stated I think it is pretty clear that with those asset limits and general breakdown that you have identified they fall...

Alderman Gatsas stated well there may be some people that do not fall within that so let us at least in your computation say that anybody over 82 years old will get at least a 25% discount regardless of asset, regardless of income, regardless of anything.

Mr. Tellier stated there has to be qualifications by State Statute it cannot be regardless. We have to have those qualifications per State Statute.

Alderman Gatsas stated well you do them and then maybe we will do an amendment to some bill that is up there.

Alderman Shea stated there is a pill being developed for the people that could live longer I think that is in the works now so we are going to have a lot of people in that category.

Tax Collector:

Ms. Porter stated I have been limited to ten minutes so if you cooperate with me I will be out of here in ten minutes. I welcome the opportunity to speak to you tonight for the public out there my name is Joan Porter and I am Tax Collector in Manchester and to my right is Connie Marion who is the Deputy Tax Collector. The good news that I bring is that of the revenues being positive and also the good news of the staff in the Tax Office the bad is that the staff in the Tax Office is very overtaxed and exhausted. I am hoping that in this brief presentation and I promise it is brief will be able to show you why we need and I dare say maybe deserve an additional person in the office. I realize this is not news that you want to hear. It was in our request to the Mayor's Office. The amount of customers as you will see in one of the graphs that we do the amount of registrations that we are doing is increasing drastically. The number of customers we are serving is increasing drastically. And we are finding that the people in the office are going home totally exhausted each and every night. April 30th which some of you were probably in the building and saw our line was over the bridge the entire day and we had 504

customers on that day. Yesterday should have been a relatively slow day it is a Tuesday in the middle of the month and that was 306 customers and today we had 271 customers. In addition to these customers that are coming in the clerks are doing real estate mail. They are doing fleet registrations...today we had two people working on a fleet for a business that needed their registrations absolutely had to have them tomorrow. We are doing businesses that drop off mega fleets and then we are doing all the people who mail in their registrations. The customers basically have two complaints when they come in...one is parking and the other is that we should have more staff. I will say that they are very understanding because they are treated well when they come in and they observe the staff and know that they are doing their best. It is a double-edged sword however because you are not getting many complaints from our office considering how many people come in the office I do not think you are getting many complaints because I am not getting them from you and the work is getting done. But the staff is stretched to their limits they truly are exhausted when they go home at night. There are nights that they have to stay later because the public is not gone. I encourage the public who is listening tonight to please use the mail system for your renewals. The City has expended money to mail you that notice to print you that notice and ask you to please use the renewal notice and mail it in. If you do, one clerk can do 125, 150 sometimes 200 renewals in a day because she is just continually processing mail. There is not the interaction, there is not the change given back, or the questions that have to be asked...it is a basic simple process and the taxpayers could certainly help the whole process by utilizing this system.

Alderman O'Neil stated I would just like to pay a compliment to the department on that issue. A member of my family mailed theirs in on a Friday and had it back the following Tuesday and I think that is pretty good service by the Tax Collector's Office.

Ms. Porter stated thank you and they will appreciate that too. I would like to go through the slides that we have as I said I think there are only seven and it should be fairly quick and then we could go back to any slide that you wish to revisit for questions or observations. This first slide is our expenses, which you have already for the most part I just took that from the chart that we had. I know that the question on salary has been annualizing it and how much we are giving back. What we did was take our salary of \$432,160 and we subtracted out the \$303,867 the balance is \$128,333 and what we need to get through June 30th is \$116,649. That leaves \$11,684 and we expect to be giving all of that back. That includes \$10,278 for a vacant position, which we filled just recently and \$1,407 in that amount is for time taken without pay. Some of the employees took some time off without pay. If you take the \$432,160 times 6% it will equal our salary request for this year give or take a few dollars. On our other expenses which our expense

budget is pretty small we expect that we will be giving back about \$5,750 if all things continue the way we expect them to continue. I do not think I have too much more on the issue of expenses at this point. As I said we could revisit any of these when we are done going through them. The next slide will show you what has happened to registrations over the last five years. In 1996 we were doing 96,042 registrations a year and last year we did 108,700. So far this year we have done 95,375 up to May 21st. They have drastically increased. We have not increased staff. Last year in 2001 108,700. So far this year 95,375 that is up to May 21st. If we annualized that 95,375 it would be 106,394 but I think you would find when you look at one of the other slides I have annualizing on auto registrations is kind of tricky because we have various months that are higher or lower. I think we may go over the 108 this year. For non-property tax revenues this would be...auto registration is obviously the major revenue in this but there are also other revenues that go into this other than property tax. Those amount to about 1.1 million. This year we projected \$11,700,000 for auto and \$13,105,000 total and for next year we projected \$12,840,000 for auto \$13,841,250 total for next year. The actual as of May 15th was \$11,521,073.43 is auto and you actually have this on one of your handouts I believe. We did annualize that if we just annualized auto it would be \$13,166,000 and then if we add in the other revenues it would come to \$14.2 million.

Alderman Vaillancourt asked you said annualizing auto was \$13,166,000.

Ms. Porter replied if we annualized it would be \$13,166,941 if we just did auto. The next screen is the one that I think it is kind of hard to read for here but hopefully the one you have is easy to read and if not I would be happy to provide you with a better one. It is because we were trying to get in so many years and trying to squeeze it into a small number. But I think if you look month to month within each year you could see going across some of them are fairly predictable going across but going down some months are just much better than others. I will tell you the same thing I told the Mayor a couple of weeks ago in a meeting that we had on revenues I have no explanation for what happened in the month of April other than that I could tell you it appears to be statewide because I have talked to a lot of other people doing registrations. For some reason in April we went up \$500,000 on revenues in April and we did in the month of April 11,000 registrations. Normal for us would be 8,000 or 9,000 on a good month. We did 11,000 registrations in April and I could tell you that the staff was not surprised when I gave them these numbers. At least it explained why they were so exhausted. On this screen...for emphasis just because I am trying to encourage you to think along the lines that over these years we have not increased staff in fact back in 1992 and 1993 we had eight positions on the counter that were waiting on the public and we did not do the state portion at that time. We now have six people on the counter six positions we have seven people two of them are

part-time. We have six positions on the counter and the expenses versus the revenue is what kind of makes us think that it is time. It is not just because we have revenue it is because we are working really hard to bring in the revenue. Obviously we know the customer does not have a choice. But we are working hard and we are bringing in the revenue and I think in order to service the public better and also because the staff is so stretched we wanted you to see the comparison of what it cost to run the office as compared to...this is non-property tax revenues coming in. The next screen will include all of the revenues. Property tax revenue there is our expenses and there is our revenues. It is not to say that just because we are bringing in the revenue we deserve it...it is because this is the office that is serving the public the most. Your constituents are coming in the office probably 1,000 a week at least and actually it is a lot more because we are getting 200 and 300 a day. We are getting a lot of those people coming in the office and this is where they see their tax dollars being spent. I do have a few requests of the Board of Mayor and Aldermen...one is that you please not exact any further cuts from our budget. It is a bare bones budget...we truly do not have a lot of expenses and so therefore salary is where it would be cut. We could try and do it on others but it may not work. I would ask that you consider seriously adding a Customer Service Rep. to adequately serve the customers. Last year in the budget process we actually got a position approved for this. The result was that it was supposed to be tied to a school chargeback and the school chargeback never came through and fortunately we had not hired the person before we realized the School Department had notified us that they would not be paying that chargeback. So we had the authority from Human Resources to hire the person because we were doing a school chargeback. But once we realize we were not going to get the school chargeback we did not hire the person. We did convince the Mayor's Office last year that we really needed the position and that is why it was approved because we had so much of a backlog on mail. We truly needed it. It was approved last year but the money never came through as a chargeback so therefore we did not fill the position. This request...I would like you to consider this you do not necessarily have to give me an answer now but I would like to have you consider that we be allowed to delay opening the office for half an hour mid-week mid-month it would probably be a Wednesday morning in the middle of the month if we could delay opening for one-half hour for staff meetings. We do not have the ability to meet together as a staff. We begin at 8:00 in the morning the customers come in at 8:00 in the morning. If we are to bring people in at 7:30 we are going to be paying them overtime to bring them in. If they stay late which I can tell you right now they would prefer not to stay late because they just want to go home. This seemed to be the best solution I could think of where we could bring everyone together once a month and discuss changes that are going out in motor vehicles or registrations or just for everyone to have communication amongst each other. Obviously if you allowed this to happen our intention would be that we would advertise it well...radio, TV, MCTV...any way that we can we

would try to get customers used to the fact that on Wednesday morning we are going to open at 8:30 instead of 8:00 to have staff meetings. In the near future, we would like to go onto the Internet and hopefully we do not expect this to be a quick participation but we expect as with the mail system we hope it will be something that will gradually grow and be promoted. We would like to take payments on the Internet but in order to do this you must fund the Information Systems Department to get them the technology needed to do this. That is it for me.

Alderman Gatsas asked how many employees do you have in your department.

Ms. Porter replied twelve.

Alderman Gatsas asked if we gave you the ability or gave you a position could you fund it with what you have for revenue in your budget now.

Ms. Porter replied it is in our requested budget but not in what the Mayor gave us.

Alderman Gatsas asked what I am saying to you is if we authorize the position could you find the funds within your budget today to fund it.

Ms. Porter replied when you say today do you mean take the money from this year and roll it over.

Alderman Gatsas asked if we funded the position...authorized the position could you fund it from within your budget today.

Ms. Porter replied in the negative.

Alderman Gatsas asked how many cars were registered through the Airport for the year we are in.

Ms. Porter replied I called the Airport to find out on the rental agencies how many they have because they have them under so many different names and the best estimate we could get from them was about 1,200 cars are registered in Manchester. We could not get estimates on how many they have. Londonderry and Manchester they do not necessarily have to share that information with us.

Alderman Gatsas asked I thought it was a split 50/50 on registration at the Airport.

Ms. Porter replied it is a "gentleman's" agreement. I will say we have worked with the Mayor's Office and with the courier through the City Clerk's Office and extended to each of the rental agencies at the Airport the opportunity to use the

courier to drop off their registrations and it has worked well for those who have used it. He is at the Airport everyday anyway. If they call us and tell us he will stop at their desk, pick up their registrations and what we do is bring them back when they get to the office we process them and we give them a call and tell them how much it is going to cost and the courier will bring the registrations to them and pick up the check at the same time. It at least saves them from coming downtown if that is not their wish.

Alderman Gatsas asked could you tell me I think last year Alderman Vaillancourt was pursuing that the auto registration number looked like it was awful low and you look at our recognized revenues of 2000 and we actually revised the budget on a downward swing of \$200,000 because you thought you were going to have a problem getting there.

Ms. Porter replied last year my recollection was I estimated \$11,700,000 last year and when I did I said if the economy continued the way it was then Alderman Vaillancourt's estimates would probably be feasible but I could not say that the economy was going to continue in the way it was going to continue and I did not feel comfortable increasing it.

Alderman Gatsas stated I believe we put the extra money in on the revenue side. We kind of forced...we did not use Alderman Vaillancourt's we bumped up your number I believe.

Ms. Porter stated my recollection was I thought it was \$11,700,000 but I could be wrong.

Alderman Gatsas asked why all of a sudden in the economy that we are in that you have shown a 6% increase over your projected numbers of this year. Do you think we are in a downturn because everything that I listen to at the State from all our revenue projections yesterday we reduced revenue projections by 50 million. A lot of that...I guess I am looking and saying why do you see revenue projections going at 6% when we looked at a reduction from last year.

Ms. Porter replied when I looked at the revenues back in January and February it looked to me as though we were going to do well this year and we did not have that many more months left. At that point, what I did was estimate that we would possibly reach \$12,000,000 this year and I increased it by 7%.

Alderman Gatsas asked you increased the \$12,000,000 by 7%.

Ms. Porter replied for my estimate so I did \$12,840,000.

Alderman Gatsas asked what gives you the perception that the economy is still in a “boom” at 7% when last year we said it was going to decline.

Ms. Porter replied I think I was assuming that they would continue along that vein.

Alderman Gatsas asked so why not use a 10% increase.

Ms. Porter replied because from year to year when I looked at these figures it has been about 7%, 8% or 9% increase from year to year and in doing that I had done some percentage increases on the years and from like 1997 to 1998, 1998 to 1999...those were 7%, 8% or 9%. So I took the lower which was 7%.

Alderman Gatsas asked but that was really when the Airport was not at its fullest capacity in 97/98.

Ms. Porter replied the Airport is 1,200 cars is small compared to whatever else we are doing. The Airport does not usually factor into my estimates very much. Not as a rare exception I would rather look more at total registrations and how total number of registrations is going and it appears that they are just steadily going up.

Alderman Gatsas asked so if I took the \$12,169,178 if I annualize your number so far year-to-date and divide that by 108,000 units that is somewhere around \$112.00 per car...within 20% to 30% what do you say that would be the value of the automobile at \$112.00 on an average.

Ms. Porter asked depending on the year of the car.

Alderman Gatsas replied instead of saying it is a new car and it is \$400 I am just saying I am looking at \$112.00 based on 108 units that you are going to...

Ms. Porter replied if it were a car that was like six years old that is \$3.00 per thousand on the list price so that would probably be somewhere around \$100,000. You are talking \$112.00 for a registration fee if it is an old car...I am sorry \$3.00 per thousand if it were a \$30,000 car it would be \$90.00 to register it.

Alderman Gatsas asked so the average price of a car that is being registered is somewhere around \$32,000 is that right.

Ms. Porter replied in the negative and stated that is very unfair...annualizing with auto is really difficult because you can have a 2000 that is worth \$50,000 and then right next to that you are going to register an 85 that is worth \$7,000.

Alderman Gatsas asked there is no number that correlates with the number of units.

Ms. Porter replied I do not think so. Possibly the new motor vehicle system we have we have been able to get a lot more information out of it. We may be able to do statistics on how many old cars we are doing as opposed to new cars we are doing and possibly put a value. But even as I had said if you look in the chart that I have for monthly revenues month to month is so different. July was average, August went way up for some reason this year and then the next really good month we had that was exceptional was April. The others were pretty predictable.

Alderman Gatsas stated April might have been because people thought that the legislators in Concord were going to impose a car tax.

Ms. Porter replied I have heard many scenarios...I have heard the results of the Stock Market...I have heard the Income Tax Refunds...I have heard that there were 7,000 people who moved to Manchester in the last year. I am at a lost to explain why we registered so many more cars and they were apparently fairly new for \$500,000.

Alderman Vaillancourt asked well let us not look a "gift horse" in the mouth let us just take the gift horse. It seemed like we spent hours and hours going through this last year and I did bring in the data from the Airport to prove that the revenues were going to be up and you kept saying last year as long as we did not experience an economic downturn you would be okay. But in fact we did experience an economic downturn. This past year was the economic downturn that we hoped would not happen. So now next year this year coming up we probably are going to have that upturn again. But the point I was trying to make last year and I think the point I would like to make again this year is that there are certain things people want regardless of whether there is a downturn or not and one of those things have four steady wheels underneath them so they can "zip" along the roadway getting 8 miles a gallon driving wherever they want even though the price of gas is going up to \$2.00 a gallon. So I do congratulate you for bringing your estimate this year up into what I think is reasonable but you are still estimating less for next year than you planned to do this year. You said you will do \$13,166,000 this year and yet are estimating another downturn for next year \$12,840,000. So I guess I am happy with what you are saying except I would still like to "bump" it up maybe another half a million.

Ms. Porter stated as I said last year and many years before I tend to be conservative in this area and the reason for that is always that at this time of the year I would much rather see us be in a situation where we have extra money that

you can use for the next budget than be talking to you about a deficit and explaining why we did not make our revenues. I think it is a cushion.

Alderman Levasseur asked when it comes to property taxes did you make any estimates for that because of the valuation or is that not within your...I am looking at your numbers here for property tax and it is just a fixed number.

Ms. Porter replied the number that is in there is a number that Finance will put in. We do not estimate taxes. There is a warrant that goes out and that warranted amount is usually somewhere around 55 or 58 something like that for each billing period.

Alderman Levasseur asked have you been through a reval. before.

Ms. Porter replied not as a Tax Collector.

Alderman Levasseur asked so you do not know what the ramifications would probably be for this reval.

Ms. Porter replied I do remember as a person there who went through the reval. at the same time that the banks shut down. That was a disaster.

Alderman Levasseur asked as far as your new employee request...first of all I do not know why anybody would not want to mail in their auto registration and have to wait in that line. I actually live fifty feet from City Hall and I mail it. I do not want to go into that line either because it just takes a long time and it is so easy to mail it in. It is in and back to you and you get your sticker and then you can move on. Maybe people just do not realize that it is as easy as that or they do not trust the mail I am not sure but it does work and I have been using it for the last four or five years. As far as your new employee goes would it be easy for you to just hire on a basis of a temp. employee. You know when your high points are going to be. The last week of the month is always the busiest month. That is how I see it. Everybody is rushing to get their auto registration in the last week or they ten days after so the last week of the month and the first week of the new month would be where you would really needed your extra help...could you just get a temp. agency to come in and just supply you with an employee. Instead of having a full-time employee with all the benefits and such and the cost of all of that maybe the Aldermen would be amendable to increasing your budget a bit just for a temp. person to come in on a part-time basis.

Ms. Porter replied there are a couple of problems with that...one is that there is an awful lot to learn to do an auto registration. We have hired a new part-time person. She has been with us three weeks and she is doing extremely well. She is

very bright and we are thrilled with her. But we are not ready to put her out on the counter yet because there is still an awful lot to learn. You do have to be bonded in order to do this by the State. They have to train you to do their portion. The other part is what I was saying earlier is that beginning and end of the month are obviously the busiest but we are busy all the time now. Our wait today on a Wednesday in the middle of the month was an hour, which is shock. I cannot explain it. I do not know where all the people are coming from but we are getting really really busy. We had lines yesterday, we had lines today. These would normally be days that you would expect we would get caught up on mail.

Alderman Levasseur asked so you are telling the Aldermen that we can expect even more revenue because the lines are bigger and they are more thorough from day to day.

Ms. Porter replied it is looking that way right now. I am expecting May will probably be a surprise too. If you look on the chart May for fifteen days because I had given the revenue through May 15th is \$700,000 and last year was 1.2 so if we double May we are going to exceed last year and I am sure we are going to get a lot around Memorial Day we get a lot of people.

Alderman Thibault asked you said something about school chargebacks and last year you did not get it. Why was that.

Ms. Porter replied that would be this budget year right now that we are in. We had billed for a chargeback to School for the collection of property taxes and because we collect school taxes as well. Originally it was my understanding that they were going to do that. As the fiscal year began, the School Department notified me that we would not be getting paid for the chargeback because on advice of their counsel it is a service that the City has to provide. It is not something the School District could do if they want to do. They cannot collect their own property tax.

Alderman Thibault asked so we have to do it and not get paid.

Ms. Porter replied in the affirmative.

Alderman Thibault stated that is not right. That does not make sense.

Alderman Hirschmann asked the website link and the firewall to take payments over the Internet did you get a number of how much that would be for your budget.

Ms. Porter replied it would not be my budget. I believe it would be through Info. Systems and Diane Prew could probably address that. I am not sure that we are

ready right now to do that but there are steps that need to begin in order for us to be able to do this at some point. State motor vehicles is in the process of revamping their whole motor vehicle program and the municipal agent program that we do where we issue decals...they have a plan where they would like us to all be on a computer and online with the State at some point in time and they would like payments to be accepted by credit card for that purpose. They anticipate that to be 18-24 months. If we could begin that process and get going at the same time it would ideal if we could at the same time be able to take property taxes over the Internet as well as auto registrations.

Alderman Hirschmann asked will it take that long 18-24 months.

Ms. Porter replied I do not know the answer to that question.

Alderman Hirschmann stated I just thought that would alleviate a lot of the pressure you have on you and as far as taking Visa and Master Card how far away from that are we.

Ms. Porter replied the State is in the process right now of asking a lot of the questions that need to be answered as far as who is going to pay the fee because there is a fee there is a loss of revenue on each credit card transaction that you have. If the State accepts this credit card payment the decision has not been made it is just beginning to be discussed as to where that fee will be charged who will pay it. There is a lot of issues still left but it is at the beginning stage. They did do surveys. The motor vehicle program hired a lot of consultants and asked a lot of questions in fact I believe they may have surveyed every State to find out the participation and in the beginning when you first begin a program like this and register cars on the Internet it appears that you could expect about a 3% participation. Our estimate is...3% is not much it is a start...but our estimate is that that 3% will probably come from our mailings. Most likely the people who are mailing right now will take advantage of the credit card and it may not help us too much in the beginning with customers but there still would be customers who may come in and use a credit card as well.

Alderman Shea asked according to the list here your revenue estimate for next year is \$13,105,000 is that correct.

Ms. Porter replied in the affirmative.

Alderman Shea continued and the Mayor's estimate is \$13,841,000.

Ms. Porter replied I thought ours was the same.

Alderman Shea stated according to my list it is \$13,841,250.

Ms. Porter replied that was mine too I am sorry. You are looking at the \$13,105,800 that is this year that we are in right now.

Alderman Shea asked so both of you estimated the same for next year is that correct.

Ms. Porter replied I believe he just took my revenue...

Alderman Shea stated and the discussion here is that there may be more revenues coming in predicated upon the fact that possibly people are according to Alderman 8 at least registering more cars is that it, Joan, is that...in other words you said that this is a conservative figure or is this kind of a "ballpark" middle figure or...

Ms. Porter replied I am going to say that assuming that things continue the way they are I would say it is a conservative estimate.

Alderman Shea asked so you anticipate possibly that there will be more revenues. I know last year what was the differential...was it \$735,000...what you estimated and what you actually took in.

Ms. Porter replied I was under the impression that I had done the \$11,700,000 so I am not sure I will have to go back and look.

Alderman Shea stated so basically you may come in with a little bit more. In other words, if we were as a group to say \$14,000,000 that would not be too far off for revenues.

Ms. Porter replied once again I am going to say the same thing again...is \$14,000,000 possible? Sure if everything goes well and if registrations continue to go up it is possible. If you have a mass exodus from New Hampshire and we loose the 7,000 we supposedly just picked up then it could go down and then you are in a deficit.

Alderman Shea asked but what you are returning in revenues this year was 1. some million more than what you had anticipated is that correct.

Ms. Porter replied I do not know. I am assuming...because I assumed \$11,700,000 was my estimate and we have not reached \$11,700,000 yet. We are getting there.

Alderman Vaillancourt stated but you said \$13,100,000.

Ms. Porter replied if you annualized it would be \$13,100,000.

Alderman Gatsas asked Joan, I think that increase you are showing on the bottom is about a 6% increase is that the average.

Ms. Porter replied I actually have something here where I did the percentages across that whole chart. I had from 97 to 98 was 7%, 98 to 99 was 7%, 99 to 2000 was 9%.

Alderman Gatsas asked so if I took and said 6% that would be probably more conservative with that chart is showing.

Ms. Porter replied in the affirmative.

Alderman Gatsas asked so if I use 6% on your number of today, which is \$13,166,941.

Ms. Porter replied the 13 million is the annualized it is not what we actually have right now. Actually right now what we have is \$11,521,000.

Alderman Gatsas stated if I took your 9126...what do you have in there say that again...year-to-date is \$11,932,000.

Ms. Porter replied as of May 15th I have \$11,521,000.

Alderman Gatsas asked it is \$11,521,000 if I added \$500,000 to get you to a million two as you suggested it might be and added a million it is going to be \$13,021,073 on auto registration. If I multiply that times 6% that is an additional \$781,000 which is \$13,800,000. If I take the \$13,800,000 and subtract your figure of \$12,800,000 there is about a million dollars difference assuming the 6% increase. Do you agree with that? Those numbers that I am using are they...if I use the \$11,521,073 where you are...

Ms. Porter replied and we have six weeks left.

Alderman Gatsas continued and if we add \$500,000 for the month of May that brings you to 1.2 million for the month of May of which you said probably what you are going to look at. I added a million dollars for the month of June, which is just equal to where you were last year...that comes out to \$13,021,073. If I follow the same premise that you showed us on your chart and usually those are the best things that follow this trend and if I use 6% instead of 7 or 8 on an average that you said is there that comes out to \$781,261,000 and if I add that to the

\$13,000,000 it comes to \$13,802,337. The increase would be about a million dollars. The interest on the tax could you tell me why that number has declined so much. Are people more apt to be paying their taxes on time.

Ms. Porter replied in the affirmative and stated usually in a good economy those amounts go down. In a bad economy they go up.

Alderman Gatsas asked have you done any trends of what you are seeing for tax collection now or is that because some of the properties...this is just the interest so if a property had been on the tax rolls for awhile like some of the things that we had downtown that had not had taxes pay on them in three or four years...

Ms. Porter replied those would be under interest on tax lien.

Alderman Gatsas stated that is maybe where that money has been generated.

Ms. Porter replied in the affirmative.

Alderman Gatsas asked so if we left those...do you feel comfortable with the \$200,000 and the \$400,000 as a revenue number.

Ms. Porter replied in the affirmative.

Alderman Gatsas asked so the 6% increase is not something based on the assumptions that you have looked at is not a number that would frighten you based on the trend.

Ms. Porter replied no.

Alderman Gatsas asked so using the number of \$13,800,000 for auto registration is not something that scares you.

Ms. Porter replied all things being equal...

Alderman Gatsas asked all things being equal meaning no or yes.

Ms. Porter replied this is one of those not a yes or no answer. I just get nervous if the number is as close to exact because it does not allow a cushion.

Alderman Gatsas stated the good number if I wanted to use...if I was looking to inflate a number and use the \$13,020,000 and use the 8% number that you feel probably more comfortable with of what it shows for a trend from 97 to 2000.

That would be an additional \$70,000 so I am leaving it at 6% and saying that is a conservative number.

Ms. Porter stated and probably for a good economy.

Alderman Gatsas stated well you are telling me that we are in one.

Ms. Porter replied yes, well we are at this moment, yes. To go forward into next year...

Alderman Gatsas stated I want to believe what you are telling me and not what other people are telling me.

Ms. Porter stated now when you add that million do not forget to add that position too.

Alderman Gatsas stated you would certainly with the revenue you are doing I certainly do not have a problem recommending that we put that position in for you.

Ms. Porter stated thank you.

Alderman Lopez asked Randy, how does this work as far as the chargeback goes when the position that the agreement was that she would have a position and they said we are not going to pay it. It seems it goes on in other areas and last night they are going to look at other areas that we are not charging back so I am wondering if...is the School Department attorney telling a department head that they are not going to pay the chargeback is that the way it happens in the financial world.

Mr. Sherman replied not usually. I think we have talked about this issue a little bit, not specifically with the Tax Collector but one of the areas that the School Department is contesting with last year's chargeback and they are continuing to contest going forward are those areas where they were billed for what they are terming as administrative statutory functions. They are refusing to pay any cost from the Tax Collector's Office, City Clerk's Office, the Finance Department saying we have a statutory responsibility to perform those duties and, therefore, they don't have to pay for them. Even though the duties we can directly attribute to the fact that we are doing them for the School District, they are being told or they are holding the line that they don't have to pay for those. That is one of the issues that will be settled in the court case.

Alderman Lopez stated I understand that. We are doing the work and we are charging back in other areas of the City. If the agreement was in the transition that the taxpayers had that person, am I to assume that she could have hired that person and done the chargeback and let the court settle it?

Mr. Sherman replied she could have, yes.

Alderman Lopez stated but that person would still get paid by us.

Mr. Sherman replied yes. The appropriation is still on the Tax Collector's department appropriation. The Tax Collector had those dollars there and could have hired that person whether the chargeback was ever collected or resolved or not.

Alderman Levasseur asked how does that road tax work. Do you guys collect the \$5 per registration?

Ms. Porter answered we collect the \$5. Fifty cents goes in the general fund for collection by our office and \$4.50 goes to the Highway Department.

Alderman Levasseur asked where is that number in here. There is a question as to how much that actually brings in.

Ms. Porter replied my budget would not have the Highway figure because it is not a revenue for me. However if you took ours and multiplied by \$4.50 I guess you would get their number. Reclamation trust is the waste reclamation fee on your registrations. We get 50 cents on that one but that varies by car. Some are \$3 and some are \$1.50 and some are \$5 depending on the weight of the vehicle. The highway resurfacing is a flat \$5 per vehicle and 50 cents goes towards the general fund for the Tax Office and \$4.50 goes to the Highway Department for resurfacing.

Alderman Levasseur stated so on March 31 you are at \$39,000. What are you right now?

Ms. Porter replied I don't have it with me but I do have it downstairs.

Alderman Wihby asked did the Mayor actually cut you a position then. Even though there was nobody in it, he cut you the position that you expected to be funded by the School District?

Ms. Porter answered once we found out we weren't getting the School chargeback we actually discovered that it is not in our salary item either so we didn't have the

money, which is why we didn't go out and hire. This would have been our first year for a chargeback and I am not sure how that works but I know that the chargeback was approved and the position was approved but the money was not in our salaries so we didn't go ahead and hire.

Alderman Wihby asked so the Mayor eliminated \$32,000 from your request.

Ms. Porter answered this year, yes.

Alderman Wihby asked is that a position.

Ms. Porter answered he eliminated \$36,000, which was our request for a position this year.

Alderman Wihby asked a request for a new position.

Ms. Porter answered for that position. We asked for that position. Last year we did not put that position in our salary account because the chargeback was being negotiated at that time.

Alderman Wihby asked so how much do you think you are going to have left over in salaries this year.

Ms. Porter answered \$11,000+.

Alderman Gatsas asked how did you get \$11,000 because I am at \$27,000.

Ms. Porter answered what we did was take the salary of \$432,160 for this year, we subtracted the \$303,867 which is in the nine month estimate that you have there which left us \$128,000. We need \$116,649 to get to June 30. That is for 14 weeks of pay.

Alderman Gatsas asked why are you doing it that way. If you do it the other way...if you take the \$303,867 and divide by nine and multiply by twelve it comes out to \$405,000. So basically if I look at that number...

Ms. Porter interjected which number.

Alderman Gatsas stated the \$11,000. I have \$25,000 and the \$25,000 that I am looking at looks like it is about ½% cut that we requested of all agencies last year so you just didn't fill that position?

Ms. Porter replied we didn't cut it in salaries so it is not there. The ½% we didn't take from salaries so it is not there. It is in other items. What we need through June 30 is 14 weeks of salary and that came up to \$115,061. We have some EDP money that is going to be allocated. We came up with \$11,684 that we would be returning. \$10,000 of that was the vacant position we had for a part-time person that we didn't hire until just recently.

Alderman Gatsas stated I keep coming up with the same numbers. I take the \$303,867 and that is 39 weeks.

Ms. Porter replied 38 weeks. We checked with Finance today.

Alderman Gatsas stated it is 39 weeks for all other departments based on March 31.

Ms. Porter responded the reason we called Finance and we spoke with Robin today is because your sheet is through March 31 and that last week of pay would have been paid the first week of April so it wouldn't be in your number there.

Alderman Gatsas stated right but it is not based on the work week that you work in, it is based on the check date. Based on March 31, it is 39 weeks.

Ms. Porter replied Robin told us 38 weeks and that is what we estimated it on.

Information Systems:

Alderman Gatsas in reference to salary stated it looks like the return is going to be somewhere around \$87,000.

Ms. Prew stated no. What we have calculated was that the return will be \$48,000.

Alderman Gatsas stated maybe you can help me and show me how you got there.

Ms. Prew stated we did use the same number of weeks that Joan did, the 39 weeks.

Alderman Gatsas stated how many did you use, 39. What did you use?

Ms. Prew replied we added a week in because the number that was shown as of March 31st was 38 weeks and it should have been 39.

Alderman Gatsas stated so it is 39 weeks as we have been calculating in through the other departments, so why don't we use 39.

Ms. Prew stated an average week's salary for my department is \$16,000...I added that in to the \$580,718 dividing that by 9 and multiplying by 12, I got \$795,624.

Alderman Gatsas stated I get \$788,000 the way you want to do it and I get \$774,000 the way I did it, so I'll give you the \$788,000 and deduct another \$14,000 off the \$87,000 and it brings it to \$73,000.

Ms. Prew stated we have a new hire that's not reflected in the March 31st number, we have several cash bonuses that are not reflected and we have a promotion.

Alderman Gatsas asked what did you give for cash bonuses.

Ms. Prew replied \$5,509.

Alderman Gatsas asked were they distributed, who got the cash bonuses.

Ms. Prew replied one of the cash bonuses went to one of our Micro Support Specialists...

Alderman Gatsas asked is that something that is approved through Personnel or is it approved through the Mayor's Office, who is it approved through.

Ms. Prew replied through Personnel.

Alderman Gatsas asked does it get to the Mayor's Office.

Ms. Prew replied I don't believe it requires the Mayor's signature and I would defer to Howard on that.

Alderman Gatsas asked how many employees participated in \$5,500 worth of bonuses.

Ms. Prew replied three.

Alderman Gatsas asked is that including their steps and everything else...that's over and above, those are one-time bonuses.

Ms. Prew replied it's a one-time bonus.

Alderman Gatsas asked does that appear in your \$580,000.

Ms. Prew replied no because it occurred after March 31st, so it wouldn't be part of the \$580,000.

Alderman Gatsas asked, Howard, do I understand what she's saying to me that cash bonuses can be given by department heads and the Mayor never sees them and somebody in your office approves them.

Mr. Tawney replied that's correct.

Alderman Gatsas stated it never comes to Personnel Committee for any look-see or anything else.

Mr. Tawney replied no, it's part of the merit system where if a person scores over a 7.0 that they're entitled to a 3% cash bonus.

Alderman Gatsas stated along with the step and the raise. So, somebody could be looking at 12% in a given year.

Mr. Tawney replied that is correct...9%, not 12%, 9%.

Alderman Gatsas stated I don't know about the rest of the members of this Board, but we're going to change that real quickly. I can't believe that.

Mr. Tawney reiterated 9%, not 12%.

Alderman Lopez stated back to the Service Contract and in reference to...are the upgrades for the equipment in that service contract or is this additional or could you explain that a little bit better.

Ms. Prew replied on the City's central computer, the IBM system that runs the financial system and the payroll and all of that we have maintenance contracts with IBM and they come in and take care of the equipment. That is not the case with the 630 PC's that the City has. Those PC's have a life expectancy of between three and five years and they become obsolete in that they cannot, as we bring in new capabilities, they can't handle those capabilities. I will give you an example of something that the Mayor told me this afternoon. He has a system that was four years old. It happened to be MacIntosh. His printer broke and he went to the store and researched his printer, purchased a printer, brought it home and found that he couldn't plug that printer into this computer. He went back to the store and they said we can put an interface on it but it may cause you hardware problems or software problems and it is not worth the aggravation so we recommend you buy a new system. That is the kind of thing you are talking about.

Alderman Lopez stated you asked for \$74,000 in staff development, line item 0271. How much staff development is necessary in the computer world?

Ms. Prew replied it is a constant ongoing process. Because the technology is changing and we are bringing in new technology we find that we have to provide that training to the staff. I will give you an example of the benefits that have accrued to the City. We had a LAN Administrator position, which is why we are turning back funds to the City that we weren't using in our payroll that had been open for a long time. With the salary that we were able to pay, we had not been able to hire so we had been using consultants. We have worked with the staff and they have received training and we have been able to fill that position from within our own staff and do away with the use of the consultants.

Alderman Lopez asked but that has nothing to do with the service contract and them coming in and teaching the employees.

Ms. Prew answered no. That technology has nothing to do with the obsolescence of the equipment.

Alderman Shea asked how would you grade HTE. A, B, C, D or F?

Ms. Prew answered again I think that is a question that is better answered by the user departments. I believe the system has settled down. We are not getting the complaints that we used to get with the system. A lot of the issues, the issues that were found in the survey have been corrected and the system is doing what we want it to do.

Alderman Shea asked now the School Department uses an entirely different system correct.

Ms. Prew answered yes. They chose to go on their own when the court said they were a separate entity.

Alderman Shea asked have they had problems with their computer systems similar to some of the departments or that department itself.

Ms. Prew answered I don't have much contact with the School Department anymore.

Alderman Shea asked so if they have a problem they wouldn't call on your department.

Ms. Prew answered correct. We do not provide them that kind of support. The only...if they requested assistance we certainly would meet with them and perhaps provide some consulting assistance but actual services that we are providing right now are only with the telephone system because they are still covered by the City's master telephone contract.

Alderman Shea asked well for HTE would C be a pretty good grading for it.

Ms. Prew answered again we support the system. It is the user community that uses it and that is the important part – what the users think of the system.

Alderman Levasseur asked how many employees do you have.

Ms. Prew answered I have 18 full-time employees and 1 part-time position, which is vacant.

Alderman Levasseur asked do you know how many Nashua has for the same department.

Ms. Prew answered no but I know that Nashua is structured differently than Manchester. They have technical people in their departments who are doing application work and that type of thing.

Alderman Levasseur asked so you are not getting any chargebacks from the School District and it seems to me that they are using our services.

Ms. Prew answered only the telephone. That is the only thing we are providing them assistance with.

Alderman Levasseur asked and you are getting money for that.

Ms. Prew answered I don't think we are collecting any money.

Alderman Levasseur asked could you get me a number on what it would probably be. You said we had 1,500 or 1,700 phone lines?

Ms. Prew answered we have 700 phone lines.

Alderman Levasseur asked is that just on the City side or is that for both.

Ms. Prew answered that is for both. The School District does pay their own phone bill. It is just for staff time when they ask us to provide them with an additional phone line or if they want features changed. That all funnels into our office and

my staff makes those changes. What you are talking about is a small amount of money – maybe a couple of thousand dollars a year.

Alderman Levasseur asked last year didn't you tell us you were in charge of paying all of the bills for that. Weren't you responsible for paying all of the phone bills or is each department responsible for that?

Ms. Prew replied the telephone bill comes into us, we break it apart by department and we send it to those departments and then they are responsible for paying it.

Alderman Levasseur asked but you also break it apart for the schools.

Ms. Prew answered yes we do.

Alderman Levasseur stated there should be a charge for that.

Ms. Prew answered right.

Alderman Levasseur asked what about the Internet services and the other things you provide. Aren't you also watching over all of those things?

Ms. Prew answered not for the School Department.

Alderman Levasseur asked why do they have their own system.

Ms. Prew answered yes they do.

Alderman Levasseur asked do you know who is operating their system.

Ms. Prew answered no. They have a person who is in charge of their technology and that is handled through that person. The School Department also has certain options that the City might not have because they are an educational institution.

Alderman Levasseur asked and you are also responsible for keeping an eye on the HTE system and managing it.

Ms. Prew answered we support the hardware and the software, yes.

Alderman Levasseur asked is the School Department using the same system as us.

Ms. Prew answered no.

Alderman Levasseur asked they have a totally different system also.

Ms. Prew answered yes.

Alderman Levasseur asked so they have their own support staff watching over that whole thing.

Ms. Prew answered yes.

Alderman Thibault asked can you tell me on line 0441, maintenance and repair, how your budget request went all the way to \$259,300.

Ms. Prew answered yes. That is what I was speaking to where we are looking to start providing a plan for upgrading the PC's as they become obsolete. That \$200,000 represents a five-year replacement plan. That has never been part of the line item budget. Up until now it has been part of the bonds for the project but those are completed at this point and we need to continue to support them.

Alderman Thibault asked so you are saying that it is a \$1 million project.

Ms. Prew answered yes.

Alderman Wihby stated you said that the School Department is not paying you any money, any chargeback money, but are you sending them a bill.

Ms. Prew replied yes we are. I don't believe they are paying it and Randy I don't know if you can confirm that. When I looked at that list of outstanding receivables I believe...

Mr. Sherman interjected you were on it.

Alderman Wihby stated the School Department was with us at one time and they just went over to their own system at about the time that we got HTE. Isn't it true that when we went to HTE, when we built out our system for what we needed didn't we assume that the School Department was going to be in with us and things were going to proceed as they were? Didn't we make sure that the HTE was capable of handling the School Department stuff?

Ms. Prew replied yes.

Alderman Wihby stated and then they decided not to use that system so we would have probably gotten a smaller one or just decided if we knew at the time it was just the City side gotten a smaller system or it wouldn't have made a difference.

Ms. Prew replied it did not make a difference. The system was the same. It was the number of records that were being maintained that changed.

Alderman Wihby asked didn't you have to get a bigger file server and everything else because you were going to do two different systems.

Ms. Prew answered the City has grown into that.

Alderman Wihby asked at the time did we anticipate growth.

Ms. Prew answered yes we did. That information is still out there for historical purposes and the School Department is still accessing that information.

Alderman Wihby asked so they went over on their own...they never had anybody. Did you do it all before?

Ms. Prew answered yes.

Alderman Wihby asked so they went and hired a new staff of their own because you are not doing any of their work.

Ms. Prew answered yes.

Alderman Wihby asked do you know how many people they hired for that system.

Ms. Prew answered I think they are working with a consultant.

Alderman Wihby asked do you know how much they are paying their consultant.

Ms. Prew answered I have no idea.

Alderman Wihby asked do you know how much they pay for the hardware.

Ms. Prew answered no.

Alderman Wihby asked did they consult with you on what they were buying.

Ms. Prew answered no.

Alderman Wihby stated my understanding was that they had a lot of problems over there too. The principals weren't getting numbers, etc. Do you know anything about that? I read it in the newspaper.

Ms. Prew replied I just know what I have heard. The School Department is...there is not a lot of contact between us. We are certainly willing to provide anything that they need but we have not been approached.

Alderman Wihby asked so you don't think they have any staff but they are hiring a firm to consult.

Ms. Prew answered they do have a person who has overall responsibility for all of the data processing that goes on there. I do not know what kind of a staff he has.

Alderman Wihby asked you have never talked to anybody on the School side as far as...do they have a staff or is it just one person.

Ms. Prew answered they have one overall manager. There are some people, I believe, who support the PC's that are out in the schools but there are thousands of PC's out in the schools.

Alderman Wihby asked so the people that they have to support the PC's are those new to since they left you. You would have done that originally?

Ms. Prew answered no. That was always part of the School Department. That was not something that we did. The only thing we were providing to the School Department was the administrative system for financials and payroll.

Alderman Shea stated I think that we did have a meeting up at McDonough School and I think at the time there was quite a bit of controversy regarding the fact that in the opinion of the School Department officials, the software from HTE was not suitable because the only other system, I believe, that they had experience with was a system in Alaska at the time.

Ms. Prew replied and that system was failing so they had to replace it.

Alderman Shea responded that is correct and I think there was some dispute, whether it is valid or invalid, that the reports were not being generated and they were not receiving any kind of reports concerning finances for a considerable amount of time. I am quoting the person who is the head of the Finance Committee over there. I think that we could probably refresh our memories when the School Department does come regarding the operation. I am assuming that obviously there was some concern on the City's part regarding whether or not they were going in the right direction in terms of setting up their own computer system and they, on the other hand, were disputing the fact that they weren't getting the information so there was a tug of war there for a little while. Maybe there still is. Maybe you have information in that regard.

Ms. Prew replied I do know that at one point with HTE the School Department did have an audit done of the system and I don't know if that audit was finalized, but that audit did come back and say that the system was adequate to do the things that they needed to do. I think once the court order came down they separated completely and took that function on themselves. At that point we no longer had a great deal of contact with them. As I said, we will respond to them. They have asked us for reports information. We worked extensively with them when they were on HTE trying to get them the information that they needed but they did have internal problems of their own with staffing because there was a lot of turnover and such. There were numerous things that were involved here.

Alderman Shea stated but I think it is an area that we can exploit when the School Department comes in.

Alderman Vaillancourt stated I do want to point out something and I am not picking on you but I think it is something that the Board might consider in every department. I am looking at line item 0580, which to me is an expense that we might look at curtailing. I noticed under your travel and conference you only spent \$70. Not a lot of traveling and conferences?

Ms. Prew replied the primary conference that we go to is the HTE conference and that is coming up in June.

Alderman Vaillancourt responded I was afraid you were going to say that. You have 18 employees you say?

Ms. Prew replied yes.

Alderman Vaillancourt asked so the amount you budget per employee is a couple of hundred dollars maybe.

Ms. Prew asked for travel and conferences.

Alderman Vaillancourt answered yes. Do you do it on a per employee basis?

Ms. Prew replied no. We do it on a conference basis and who needs to go to a particular conference.

Alderman Vaillancourt asked do you feel that these conferences are extremely important, very important, or not very important. How much information do you gather that you feel is vital to you?

Ms. Prew answered the HTE conference is very important to us because during those meetings the enhancements are discussed and we have an opportunity to speak to changes that we want to see in the system. There is a great deal of information exchanged and there are training opportunities. There are opportunities to meet and speak directly with the President and various officers of the company and to air our grievances and try to get things straightened out.

Alderman Vaillancourt stated well if we had an infinite amount of time I would pursue this line of questioning but I will let that line go. I think it is an interesting line to look at in every department here.

Alderman Lopez stated when we went from 35 hours a week to 40 hours a week, have you measured the production in that period of time.

Ms. Prew replied our department is somewhat unique in that regard. We only benefited by 15 hours from our staff. Those were our two clerical positions and one of our night operators. Our positions, when most of them were approved they were approved as 40 hour positions so the majority of my staff was 40 hours for a long time before the rest of the departments went to 40 hours so we didn't have much of an impact at all. I do have one more point that I would like to speak to. Capital outlay. We received over \$400,000 of requests for computer hardware and software from our user departments. These were requests that really have value as the departments are beginning to exploit the use of their computers. For example, the Highway Department is looking for a scanner. They need to scan their plans that are over 100 years old and used on a regular basis. They are literally disintegrating but they are used daily. Another example are ruggedized laptops that the Fire Department would like to have to take to fires to make them more efficient. The Health Department is looking for software to track health issues such as the West Nile Virus. The request from the Tax Collector is for the Internet. These are requests that we are receiving and within our FY02 budget there is an allocation for \$35,000. That is not going to go very far. Now we realize that not all of the requests can be addressed, however, we do feel that we need to begin to make some funds available to move forward. The City has a good foundation on which to build with its technology but it needs to be maintained or it is going to fall apart. In conclusion, I would just like to say that Information Technology is an integral part of the service delivery for our City departments. We need to continue to support that. If we don't go forward we slide back. You can't stand still in this business. It just doesn't work.

Chairman Cashin stated we need a motion on Blue Cross/Blue Shield. Howard, do you want to talk about that?

Mr. Tawney stated I need a decision on going to Blue Cross/Blue Shield. At the last meeting I don't know that there was a lot of interest in discussing an HMA. I need a decision on what you want me to do as far as continuing with Anthem or not. We have to...in order to do the charges for the employees and retirees we need to start moving forward and set the rates. I need a decision tonight.

Chairman Cashin asked didn't the consultant recommend that we stay with Blue Cross/Blue Shield.

Mr. Tawney answered yes.

Alderman Shea stated we don't have David Hodgen here but I wonder if contractually we are obligated as a body here to sustain our particular membership in that. I don't know if you can break contracts arbitrarily without discussions with the unions. I am not sure.

Chairman Cashin stated I walked in tonight and Howard told me that he needed a motion tonight.

Alderman Gatsas stated well I think that Howard should have notified the rest of us that he was looking for a motion tonight.

Mr. Tawney replied I sent a memo to you, which indicated that I needed a decision on May 22.

Chairman Cashin stated I am assuming, Howard, that we are not going to affect organized unions or non-affiliated employees by doing this right.

Mr. Tawney replied that is right. If we stay with Anthem we can move forward and there will be no problem.

Alderman Gatsas stated there is a \$500,000 difference.

Chairman Cashin replied it is not \$500,000.

Alderman Gatsas stated the major problem I have is that Blue Cross/Blue Shield doesn't even have a SAS 70, which is a certified audited report on the claim. I don't know if I am comfortable going there.

Chairman Clancy stated all I can tell you is that we hired consultants and the consultants recommended that we stay with Blue Cross/Blue Shield.

Alderman Gatsas stated I asked, last year I asked if Blue Cross/Blue Shield had a SAS 70. The minutes are sitting behind me. They were supposed to get back to me with an answer and they never did. I got that answer this week, I believe, Howard that they don't have one. That is absolutely unbelievable that they don't have one. That is a huge, huge number. The gentleman that is doing the audit on those claims, I wouldn't be surprised if he comes back with \$2 million or \$3 million in claims because they have no audited claim report.

Alderman Pariseau moved to approve continuing with Blue Cross/Blue Shield. Alderman Thibault duly seconded the motion.

Alderman Wihby asked what is the amount. I had thought it was \$500,000 Howard but you told me that was part schools and they already went. What is the City amount increase?

Mr. Tawney answered I believe it is around \$189,000.

Alderman Wihby asked and what happens if you don't get an approval today. What if we wait until Monday?

Mr. Tawney answered I need to notify the state so that they can start taking out for the retirees. I gave a list of the dates and the reasons in my memo to the Board. I am running out of time and that is the reason I asked for a decision.

Alderman Gatsas asked when did we make this decision last year or was it made and we didn't know it. I didn't think we made this decision until way into June.

Mr. Tawney answered there was no bid. You asked me to go out. We negotiated the price down. We were with Anthem and we decided at that time to go out for bid. We have a bid now from two competing sources.

Alderman Gatsas asked my question is did you go back and negotiate with the NH Municipal Association. They were the low bidder weren't they?

Mr. Tawney answered yes.

Alderman Gatsas asked did you go back and negotiate with them any further.

Mr. Tawney answered we had Mercer negotiate with both parties. We could not get the NHMA to allow us to move back and forth. They would not do that. They were here the other night and they continued to refuse to do that.

Alderman Gatsas asked to do what.

Mr. Tawney answered to allow us if we go to NHMA to come back and receive bids from Anthem once we go with NHMA.

Alderman Gatsas asked did they give you a different price. Did you negotiate a price any lower?

Mr. Tawney answered no we could not negotiate a price any lower.

Alderman Gatsas asked did you attempt to.

Mr. Tawney answered we had Mercer attempt to negotiate a price and we were at the price that was there.

Alderman Vaillancourt stated it is not just the savings of \$180,000 or whatever it is but as we learned last night it is also a savings on a prescription for every City employee who uses this. \$5 for every three months is the co-payment versus \$5 per month. That would be a difference of \$40 per year. Now if somebody happens to be on two prescriptions that would be \$80 a year. I think you are going to have tens of thousands of dollars of savings for the employees of the City and I think that is another benefit for that plan.

Mr. Tawney replied I believe that was just Matthew Thornton.

Alderman Wihby asked are you going to take a vote or wait until Monday.

Chairman Cashin called for a vote on the motion.

Alderman Vaillancourt moved to table the item. Alderman Gatsas duly seconded the motion. Chairman Cashin called for a vote on the motion. A roll call vote was requested. Aldermen Wihby, Gatsas, Levasseur, Sysyn, Pinard, Vaillancourt, and Hirschmann voted yea. Aldermen Lopez, Shea, Pariseau, and Thibault voted nay. The motion carried.

Alderman Gatsas asked, Howard, can you ask our consultant who I think should have told somebody a long time ago, about the SAS 70.

Mr. Tawney answered okay.

Alderman Gatsas stated I think they should have been on top of this telling the City that there was no SAS 70 and I believe I asked and I am still looking for the minutes, but I believe I asked Blue Cross/Blue Shield last year when they were here if they had a SAS 70.

Alderman Lopez asked, Howard, can you check out the School Department because the rumor is they are going Blue Cross/Blue Shield no matter what the City does.

Chairman Cashin answered that is not a rumor. They are going with Blue Cross/Blue Shield.

Alderman Lopez asked can you check out the timeframe with the unions regarding ratification.

Alderman Shea stated I got a lot of phone calls from people who want to stay with Blue Cross/Blue Shield. They are very concerned with us changing in midstream.

Alderman Gatsas stated the people out there should understand one thing. This is not about Blue Cross/Blue Shield or green and orange. This is about the City being at risk for every dollar. This has nothing to do with any insurance company.

Alderman Shea asked how long have we had Blue Cross/Blue Shield.

Alderman Gatsas replied all I am saying is that it does not matter because the City pays from dollar one. There is no insurance company other than a card. That is all that exists is a card.

Chairman Cashin stated a motion to table is non-debatable. The only problem is that we are not going to have another meeting now until Thursday.

Airport:

Appropriating Resolution:

"A Resolution appropriating to the Manchester Airport Authority the sum of \$34,951,867 from Special Airport Revenue Funds for Fiscal Year 2002."

On motion of Alderman Levasseur, duly seconded, by Alderman Pariseau, it was voted that the Resolution be read by title only, and it was so done.

Alderman Shea moved that the Resolution ought to pass and layover. Alderman Vaillancourt duly seconded the motion. There being none opposed, the motion carried.

Environmental Protection Division:

- 1) Communication from the Chief Sanitary Engineer requesting that the appropriating resolution be amended upwards to \$13,107,513 as outlined herein.

Appropriating Resolution:

"A Resolution appropriating the sum of \$12,791,347 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 2002."

On motion of Alderman Pariseau, duly seconded by Alderman Shea, it was voted that the Resolution be read by title only, and it was so done.

Mr. Sheppard stated what happened is the budget was revised three times and the proper numbers never got transferred. What we are asking for is the Mayor's recommended, which is the \$13,107,513 and somehow that didn't get into the first resolution that went to the Board.

Alderman Pariseau moved that the Resolution be amended to \$13,107,513. Alderman Thibault duly seconded the motion. There being none opposed, the motion carried.

Alderman Vaillancourt moved that the Resolution ought to pass and layover as amended. Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

Appropriating Resolution:

"Appropriating all Incremental Meals and Rooms Tax Revenue Received by the City in Fiscal Year 2001 and held in the Civic Center Fund, for the payment of the City's Obligations in Said Fiscal Year Under the Financing Agreement."

Alderman Thibault moved that the Resolution be read by title only. Alderman Pariseau duly seconded the motion. The motion carried with Aldermen Shea and Vaillancourt duly recorded in opposition.

Alderman Levasseur moved that the Resolution ought to pass and layover. Alderman Sysyn duly seconded the motion.

Alderman Shea stated in other words in years past we didn't put all of the money from Rooms & Meals and now we are.

Mr. Sherman stated what this Resolution does is it appropriates any Rooms and Meals money that the City receives over the \$454,000 base that you had received prior to the change in the allocation, which went back to 1994 I believe.

Alderman Shea asked and that is going into the special fund for capital improvements for the civic center is that correct.

Mr. Sherman answered it is going into a debt service fund to pay the lease payment to MHRA for the civic center.

Alderman Vaillancourt stated maybe we could ascertain the year in which it will not be all incremental Rooms & Meals tax revenue. In what year will it be up to the point where it is not all anymore because we were told that eventually it is going to be a portion of?

Mr. Sherman replied I believe 2005 is the last year that all of it goes in. Actually what you are doing is you are putting in 130% of the required debt service payment. After that fifth year, any funds that are in that debt service reserve fund that you didn't use, so again every year you are putting 30% extra in there, that will all come back to the City and then going forward all you will put it in is the amount of the debt service, not the full increment.

Alderman Vaillancourt stated well hopefully the state will not have taken it back by then but we live another year anyway.

Chairman Cashin called for a vote on the motion. A roll call vote was requested. Aldermen Levasseur, Sysyn, Pinard, Lopez, Pariseau, and Thibault voted yea. Aldermen Shea and Vaillancourt voted nay. The motion carried.

Alderman Lopez stated it is very imperative that the HR Director pass on information to us because we may have to call a special meeting.

Mr. Tawney stated on May 11 I sent a memo to the Board of Mayor and Aldermen detailing the information and the reason for the requirement for us to make a decision. We have 2,800 active employees and 800 retirees that have our health benefits and we need to...if we decide to move to a different health plan we are going to have to enroll those people in the new health plan. Active employees, you know this re-enrollment process is going to take about 30 days. For the active employees that is not too difficult but getting the retirees to respond to correspondence and to explain to them and get them to fill out new forms is going

to be problematic. We will have to hold meetings with the bargaining units to discuss the impacts of the proposed changes. If everybody agrees to them, that is fine but if not I can anticipate either grievances or an unfair labor practice being filed against us. Regular employees are paid for their health benefits in advance. Deductions for the new health plans need to be made during the month of June for the July 1 changes. We will need to start inputting these changes into HTE payroll during the week of May 28. Retirees pay the first of the month for the coverage during the month. The City Contributory Retirement System will have to be advised of the changes by June 8, along with the State Retirement System. Also, the City's old retirement system, which Human Resources administers, can be done by June 25. Employees and retirees have to complete the enrollment paperwork and it has to be sent, if we decide to change, to NHMA. It could take several weeks longer for employees to get their ID cards or to be able to use their health plan. My office has been advised by Anthem that the School District has decided to go with the Anthem proposal no matter what the City decides. We are going to make every effort to service the employees and the retirees to make sure there is no interruption in service. If, at the end, we do not contact all of the retirees we will personally put them on the new system and try to advise them by any means we can. Again, I was looking for the maximum lead-time to implement the changes successfully and that is the reason I said in my memo that I was looking for a decision by May 22.

Chairman Cashin stated you have already tabled this item.

Alderman Shea asked should we have a special meeting to decide this.

Chairman Cashin replied we will have to.

There being no further business to come before the Committee on Finance, on motion of Alderman Pariseau, duly seconded by Alderman Shea, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee